emergency situations (priorities 1–8) when such support is not available elsewhere in the DSA system.

Direct supply support points.—The DSA distribution system also includes 10 direct supply support points (not included in fig. 8) which have been established in support of large-volume users, such as Navy shipyards, repair facilities, and recruit training centers. These points are under military service management. The supply mission for DSA commodities at these points is restricted to the stocking of FSG 95 (metals, bars and shapes) for the support of on-base industrial and maintenance requirements and clothing for recruit training centers.

Attrition sites.—As of December 31, 1966, DSA materiel was stored at 20 temporary storage locations, or attrition sites. However, the number of attrition sites at any given time will fluctuate because of continuous capitalization of items as a result of item management coding and DSA assumption of new missions and item assignments. Until supply missions become stabilized, and until the current critical shortage of DSA-managed storage space is alleviated, a target date for complete elimination of attrition sites cannot be projected. DSA policy for evacuation of stocks from attrition sites is disposition-in-place of excesses; redistribution of replenishment stocks from attrition sites into permanent depots in lieu of replenishment from procurement; attrition to satisfy customer demand; and bulk relocation into permanent depots when economically justified.

PROCUREMENT AND PRODUCTION

DSA's procurement program objectives are generally being met as indicated below:

Small business.—Awards to small business during the first 6 months of fiscal year 1967 amounted to \$1.37 billion or 43.5 percent of total awards to U.S. firms. This is 2.8 percent below the goal of 46.3 percent; however, it exceeds the accomplishment for the same period in fiscal year 1966 by \$388 million or 0.8 percent. It is expected that the yearend goal will be met.

Labor surplus area awards.—Awards (\$10,000 and above) to labor-surplus areas during the first 6-month period of fiscal year 1967 amounted to \$343 million—12.6 percent of total dollar awards within the United States and possessions. This is 1.6 percent in excess of the established fiscal year 1967 goal of 11 percent.

Competitive awards.—Competition remained at a high level of 93.1 percent of total awards subject to competition during the first 6-month period of fiscal year 1967. This is 1 percent above the established goal.

Formal advertising.—Formal advertising has suffered somewhat due to the necessity to meet high priority requirements from southeast Asia by negotiated procurements. The percentage of the value of all DSA procurements made through formal advertising was 27.4 percent in the first 8 months of fiscal year 1967, compared to 31.9 percent during a corresponding period in fiscal year 1966. However, since there has been a 33-percent increase in the value of total procurements during the same period, the value of the formally advertised portion actually increased by \$153.3 million. It should be noted that although the formal advertising rate declined, the percentage of competition was actually higher. During the first 8 months of fiscal year 1967, our